



SPAULDING  
REHABILITATION  
HOSPITAL

David E. Storto

President, Partners Continuing Care  
& Spaulding Rehabilitation Network

Robert W. Healy, City Manager  
Cambridge City Hall  
795 Massachusetts Avenue  
Cambridge, MA 02139

July 22, 2009

Dear Mr. Healy:

As requested, we are writing to respond to the request for more information regarding the sale of Youville Hospital and Rehabilitation Center (Youville) to Spaulding Rehabilitation Network (Spaulding).

Over the past several years, Youville has faced an increasingly difficult financial challenge resulting primarily from cuts in federal Medicare reimbursement rates for Long Term Acute Care (LTAC) hospitals. Despite best efforts to reduce costs and ensure efficient operations, Covenant Health Systems (Covenant), Youville's parent company, determined that it could no longer afford to operate the hospital.

Youville and Spaulding have a long-standing and positive working relationship, having formed a successful joint venture in 2001. Consequently, Covenant reached out to Spaulding and its parent company Partners HealthCare to explore a purchase of Youville Hospital. On May 29, 2009, Spaulding and Partners Healthcare agreed to purchase Youville Hospital, preserve the facility, retain its employees, and continue operations without interruption.

Spaulding Rehabilitation Hospital has consistently been named as one of the leading rehabilitation hospitals in the nation by *US News and World Report's* "Best Hospitals" survey, ranking sixth in 2009. In addition to its 196 bed non-profit hospital in Boston's North Station area, Spaulding operates 10 outpatient centers in the region. A teaching hospital of Harvard Medical School, Spaulding is a national leader in researching and developing treatments for brain and spinal cord injuries, stroke, Parkinson's disease, and other major causes of disability.

Youville has a long history in serving the Cambridge community. Founded by the Sisters of Charity of Montreal (Grey Nuns) in 1895, Youville Hospital is a non-profit, Catholic health care organization. Operating as a Medicare-certified Long Term Care Hospital (LTCH) with 180 beds, Youville sits on a seven acre campus in central Cambridge

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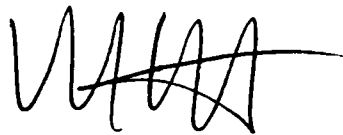
Youville is one of the top 25 employers in Cambridge, currently employing approximately 450 full time employees, and up to 600 including per diem and part-time employees. Youville offers a wide range of non-acute services for adults with multiple or complex medical problems. The hospital provides specialty nursing with around-the-clock, in-house physician coverage, nurse practitioners and physical medicine consultants. In addition, physician specialty consultants are available in cardiology, pulmonary medicine, oncology, infectious disease and nephrology.

Spaulding has committed to preserve the hospital, retain the 450 member staff and continue operations without interruption. If we receive regulatory approval, the sale is expected to be finalized in late 2009.

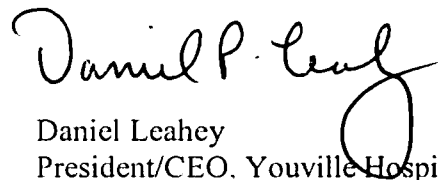
Youville serves as a significant post-acute referral resource for Massachusetts General Hospital and Brigham and Women's Hospital, the two founding hospitals of Partners HealthCare, as well as Mt. Auburn Hospital, Beth Israel Deaconess, and Cambridge Health Alliance. We have been in touch with the Presidents of all of these hospitals and communicated that with the change in ownership, these referral relationships will continue and be encouraged further.

All of the appropriate Catholic governing bodies have been notified of the sale and the formal approval process is currently underway. The purchase of Youville will not impact Youville House, an adjacent 95 unit assisted living residence, which will continue to be operated independently as a member of Covenant. Covenant will retain the rights to the Youville name, requiring that the Hospital be renamed once the sale is finalized. The new name provisionally will be Spaulding Hospital-Cambridge.

We look forward to working with your office throughout the next few months and beyond as a member of the Cambridge community. We have also been in contact with other members of the council, as well as neighborhood representatives, and will continue to foster an open dialogue as this process moves forward. Please feel free to contact us with any additional questions or concerns.



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Enclosures



**Youville Hospital &  
Rehabilitation Center**

**FOR IMMEDIATE RELEASE**

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**Youville Hospital Secures its Future with Ownership Change**

(Boston, MA) The Youville Hospital Board of Directors and its sponsor, Covenant Health Systems, announced today it has agreed in principle to transfer ownership of Youville Hospital and Rehabilitation Center, a Cambridge-based provider of long-term acute care to the Spaulding Rehabilitation Network. The two organizations have had a joint venture since 2001.

After examining a number of options to stem ongoing losses, Youville approached Spaulding regarding the sale. "Like many other long term acute care hospitals \_ Youville Hospital has faced an increasingly difficult financial challenge resulting from recent cuts in Medicare reimbursement rates for inpatient services," said Daniel Leahey, President and CEO of Youville Hospital. "Despite our best efforts to reduce costs and ensure efficient operations, it became clear that the sale of the hospital was the best option to ensure the continuation of hospital services."

Spaulding will continue to operate Youville Hospital as a long-term acute care facility, retain its 450 member staff, and maintain current referral arrangements without interruption. Youville Hospital is one of the 20 largest employers in Cambridge.

The sale is expected to be finalized in late 2009. The financial terms of the purchase agreement are confidential at this time.

"Youville Hospital is a critical resource for post-acute services in the Boston area," said David E. Storto, President, Spaulding Rehabilitation Network. "We look forward to building on its long tradition of high quality care as a member of the Spaulding Rehabilitation Network."



The purchase of Youville Hospital will not impact Youville House, an adjacent 95 unit assisted living residence, which will continue to be operated independently as a member of Covenant Health Systems.

#### **About Youville Hospital and Rehabilitation Center**

Youville Hospital is a Medicare-certified Long Term Care Hospital (LTCH) with 180 beds. A member of Covenant Health Systems, a regional leader in health and elder care, and a clinical affiliate of Spaulding Rehabilitation Hospital, Youville Hospital is accredited by the Joint Commission. Its programs include complex medical, cardiac care with telemetry, ventilator weaning, pulmonary care, oncology and neurological rehabilitation, and post-organ transplant care. Specialty services available include peritoneal and hemodialysis, pain management, wound care and chemotherapy.

#### **About Spaulding Rehabilitation Network**

A member of Partners HealthCare, The Spaulding Rehabilitation Network creates a unique convergence of comprehensive specialties to handle the demands of post-acute care in the 21st century. The Spaulding Network includes its flagship Spaulding Rehabilitation Hospital, located in Boston, MA, Shaughnessy-Kaplan Rehabilitation Hospital in Salem, MA, Rehabilitation Hospital of the Cape and Islands in Sandwich, MA, and three Boston-area skilled nursing facilities: North End Rehabilitation and Nursing Center, Boston Center for Rehabilitation and Sub-Acute Care, and the Clark House. The Network also operates 23 outpatient sites throughout Eastern Massachusetts. For more information, please visit [www.spauldingnetwork.org](http://www.spauldingnetwork.org).

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## Spaulding Rehab Network to buy Cambridge's Youville Hospital

**Wicked Local Cambridge**

*Posted Jun 01, 2009 @ 10:29 AM*

Cambridge — The Youville Hospital board of directors and its sponsor, Covenant Health Systems, announced Monday it has agreed in principle to transfer ownership of Youville Hospital and Rehabilitation Center, a Cambridge-based provider of long-term acute care to the Spaulding Rehabilitation Network. The two organizations have had a joint venture since 2001.

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